Town of Stratford - 2016 Budget

Presented by Deputy Mayor Randy Cooper,

Chair of the Finance and Technology Committee

Welcome, members of Council, media and residents of the Town of Stratford. It is my pleasure to present to you the 2016 Town of Stratford budget.

We have put together our budget for 2016 and were able to continue to provide all of our current services and programs however it was difficult to add new initiatives or many of the requests from the residents, community organizations and partners. Capital projects which were already included in the budget from previous years will proceed which include: continuation of Georgetown Road Sidewalk, completion of Trans Canada Trail along Mason Road and another phase of Fullerton's Creek Conservation Park development.

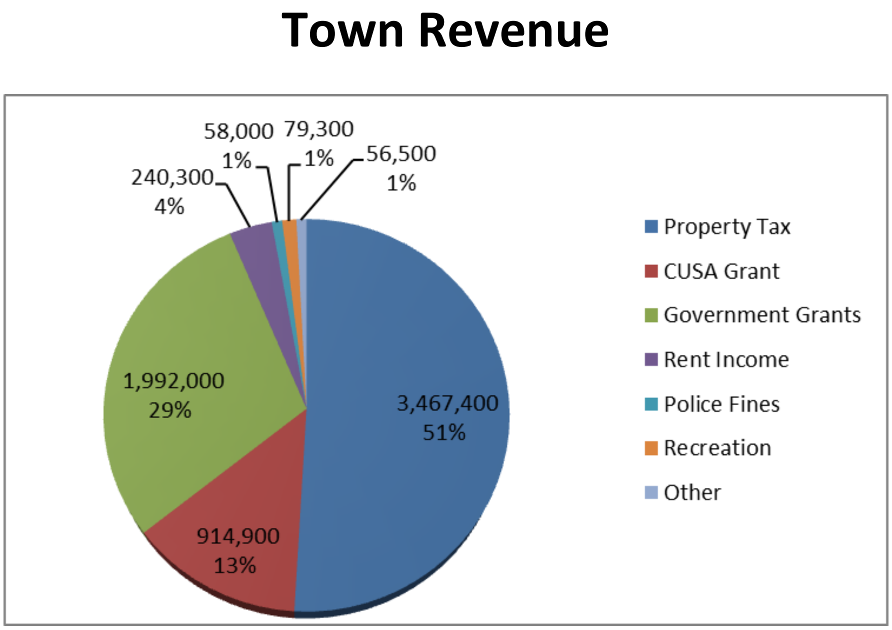
Our property tax revenue has slowed down as a result of the Island's cooling real estate market and due to the provincial government's funding formula change in 2008 from a tax credit to a grant system for municipalities. We remain optimistic that the current provincial government will make good on their promise to reinstate the tax credit system which will see additional funds returned to municipalities.

While property tax assessments remain high as Stratford is seen as a great place to live, our municipal tax rate remains the lowest in the province amongst large municipalities. Residents continue to, and deserve to be, proud to live, work and play in Stratford.

There are great things happening in Stratford and your Council, alongside Town staff, continues to work hard on your behalf every day. We are ready to work with you to make the tough decisions and find ways to continue to grow the Town and provide the services you as a resident count on.

Town Revenue

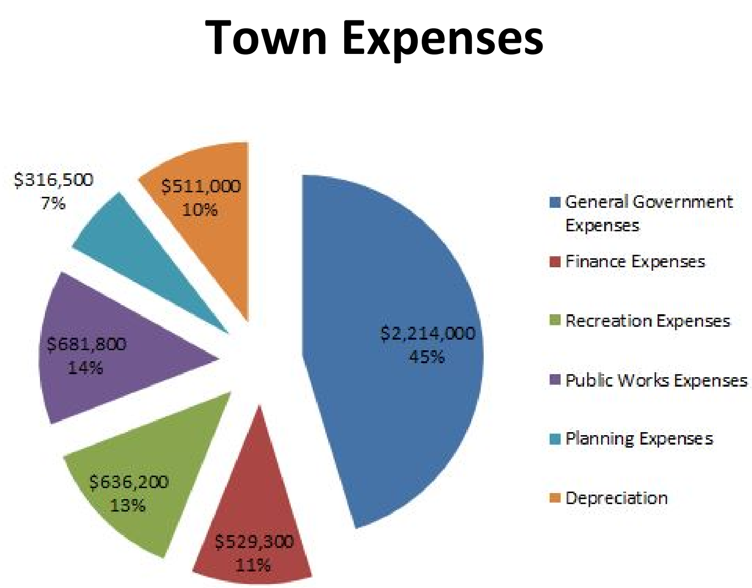
In the 2016 Town budget, we are forecasting revenue of $6,808,400 which includes government transfers of $1,992,000 and expenses of $4,888,800 with a resulting surplus of $1,919,600, however on a cash flow basis we have a surplus of only $32,600. The $1,992,000 is the money we expect to receive in New Deal funds, Provincial Infrastructure Fund, and other funding sources that are used directly in the purchase of our capital assets. The Public Sector Accounting Board guidelines now require that we show government transfers as revenue in the year of purchase. This causes what appears to be a large budget surplus but, in actuality, the capital assets are depreciated over a period of time and we set our budget to ensure that there is sufficient cash flow to cover the principal payments on any borrowing for the capital assets.



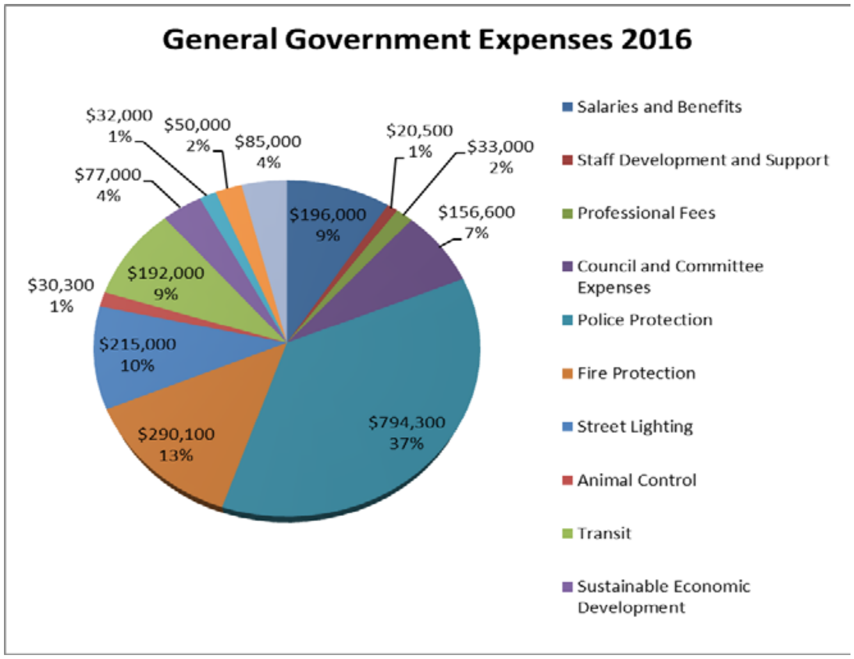
The majority of the Town's revenue is received from property tax as well as the Municipal Support Grant. The other large component of revenue is the $1,992,000 for Government grants which we explained above is the money that we receive from Government directly for capital projects which are depreciated over an extended period of time. We have budgeted for the Municipal Support Grant to receive a 1% increase for 2016 which works out to around $9,000.

Town Expenses

Town expenses for 2016 are up just 1% over the 2015 budget.



The expenses in the General Government category include all of the expenses that are not attributable to the four line departments such as: police protection, fire protection, Council expenses, CAO's office expenses, street lighting, transit, sustainability, citizen engagement, library, and animal control.



As part of our commitment to create a more sustainable community, The Town of Stratford is planning to develop a Community Energy Plan in 2016. The plan is intended to be a broad community collaboration that will identify ways that residents, businesses and the Town Corporation can reduce energy use, increase renewable energy installations and reduce greenhouse gas emissions. The implementation of the plan will result in lower energy costs, increased resiliency and self-sufficiency, and increased local employment. This plan will allow Stratford to do its' part in the international effort to combat climate change. The project is subject to the approval of a funding application that was submitted to the FCM Green Municipal Fund. The project cost is estimated at $60,000 with $12,000 allocated from the town in the 2016 budget.

Other notable General Government investments in the operating budget for 2016 include:

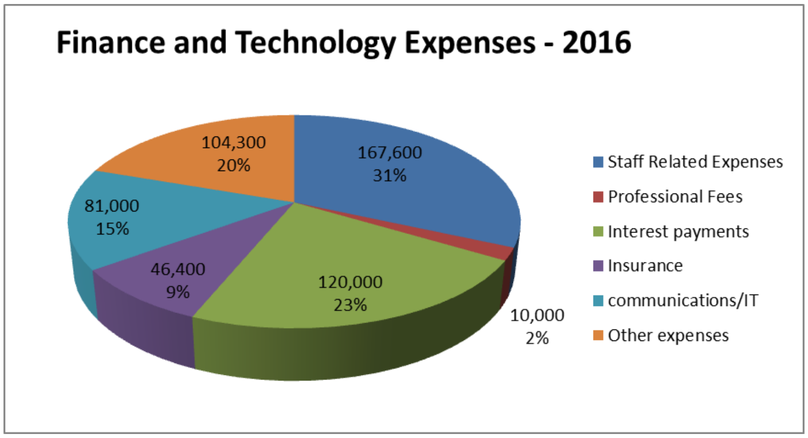
- an allowance of $8,400 to offer a mid afternoon transit run;
- an increase in policing cost of $33,500 due to the new RCMP contract;
- an allowance of $5,000 for the implementation of the Cosmetic Pesticide Bylaw;
- an allowance of $20,000 for the implementation of the support local program.

In the capital budget, there is an allowance of $250,000 for the enhancement of the Hillsborough Bridge entrance to the Town, funded from the New Deal program. This project began in 2014 but was not completed due to the proposed location of structures in the road right-of-way that were disallowed. We are now looking at other options to achieve the sense of welcoming that we are striving for.

Also included in the 2016 capital budget under General Government is $89,900 for Stratford's share of the purchase price for new transit buses.

Finance and Technology

In the Finance and Technology Department budget, the largest expense, outside of staff expenses, is the interest payment on the Town debt. Each year the interest on the Town's long term debt has been decreasing. We budget for a cash flow surplus to ensure that our annual principal payments on long term debt is satisfied.

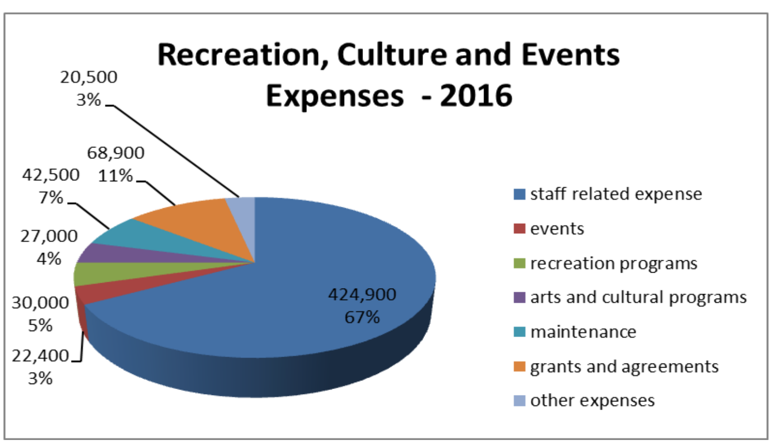


Some of the additional investments we are making in order to build the best community possible include:

- The introduction of a web portal module which would allow customers to access their utility accounts and pay their bill online. This will also allow us to switch to electronic billing;
- Purchase integrated software that will encompass all Town of Stratford departments. This project is subject to approval of a funding application.

Recreation, Culture and Events

In the Recreation Culture & Events Department budget, there is funding to support close to 100 programs and events that the Town offers and/or supports each year. We have focused a lot of our time on expanding our youth centre and have seen growth in the number of participants taking part in our family oriented events and youth centre drop in times. We are also planning to once again offer a March Break and Summer Day Camp for kids in 2016.



Other investments from the Recreation, Culture and Events budget to help make Stratford the best community possible include:

- Funding in the capital budget for the continued development of parks and playgrounds ($70,000), splash pad ($100,000), purchase of tracker/ski groomer ($27,500), and another public art piece for the parks/trails ($12,000).

- Funding of $350,000 in the capital budget to develop a partnership for a skateboard park in Stratford to support our active youth.

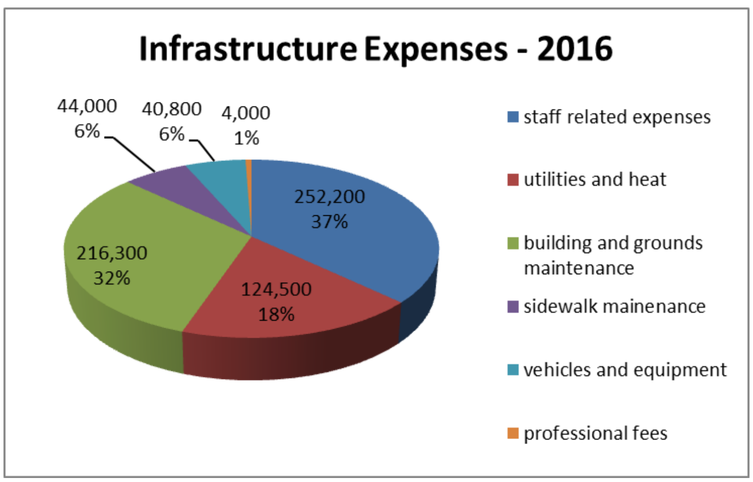
- Funding of $275,000 in the capital budget to continue the development of Fullerton's Creek Conservation Park - a new multi-use municipal park. This phase will include a multipurpose playing field, a viewing platform overlooking Fullerton's Marsh and an additional kilometer of trail added in 2016. This will be funded with New Deal Funding.

- Funding for the Pownal Rink in the amount of $50,000 and the CARI pool in the amount of $15,000.

- Continued funding for arts and culture programming to ensure that residents can strengthen all aspects of their physical, mental and spiritual health.

Infrastructure

The Department of Infrastructure budget includes the maintenance of all Town owned facilities, equipment, trails, and sidewalks.



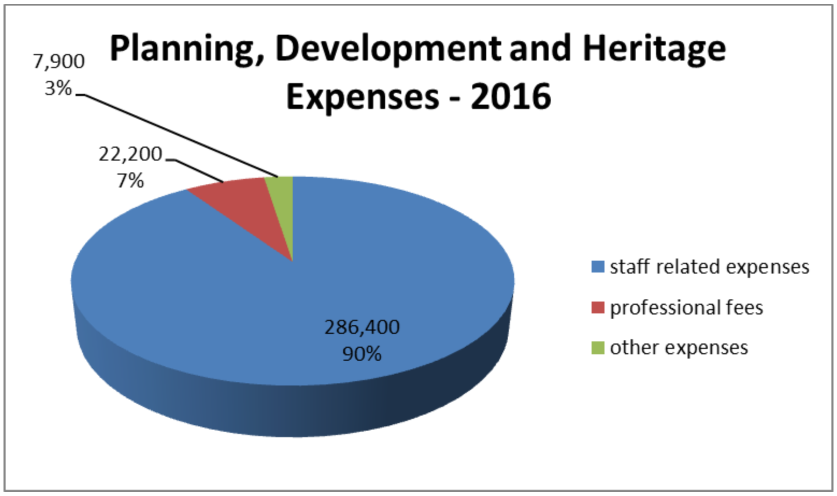
Some of the targeted investments to help make Stratford the best community possible include:

- Completion of the Trans Canada Trail along the Mason Road. This work is being completed to finish the trail section and create trail loops throughout the Town. The capital budget amount is $104,000 which is funded through New Deal Funding;
- Sidewalk and bike lane construction continues to be a priority in 2016. An allowance of $860,000 is included in the capital budget, funded by New Deal funding. This project is contingent on the Provincial Department of Transportation and Infrastructural Renewal infilling the ditches along any proposed alignment. The main section being considered for this year is the continuation of the Georgetown Road;

- Other capital investments include new roof for the youth/seniors centre, heat pump repairs at the Stratford Town Centre, and paving.

Planning, Development and Heritage

In 2016, the focus of the Planning, Development and Heritage Department will be developing a new Zoning and Subdivision Control (Development) Bylaw to implement the recently approved Official Plan.



Targeted investments to help make Stratford the best community possible include:

- An allowance for a consultant to help with the official plan and bylaw review and engagement.
- In order to celebrate Stratford's Heritage, $6,500 will be available to the Heritage Committee for Stratford's Veterans' Posters, a History of Stratford (Property Ownership Project) and finalizing the Lot 48 deed project.

Capital Budget

We are budgeting $2,528,000 for capital items in 2016 which, after infrastructure funding and partnerships in the amount of $2,284,000, will be a net cost of $244,800 to taxpayers. Funding includes New Deal funding in the amount of $1,558,900, Provincial Infrastructure funding in the amount of $150,000, anticipated partnerships funding of $470,000, Canada 150 funding of $42,700, and NDCC-Municipal Strategic Component of $62,500.

In summary, we are continuing to make strategic investments in priority areas to meet the needs of residents now and into the future, and to build the best community possible. At the same time we are mindful of the trust placed in us by you as taxpayers to be prudent and responsible with your money. Detailed revenue and expense tables are included at the end of this report.

Stratford Utility Corporation

Over the past 10 years the town has made a substantial investment in our water system infrastructure. The Town of Stratford currently has a water supply system that includes four well fields. The four wellfields include Fullerton's Creek, Beacon Hill, Cable Heights, and Pondside wellfields. The overall capacity of the system is 1,475 imperial gallons per minute that pumps into a 265,000 imperial gallon storage tank located on the Georgetown Road.

The current system is able to sustainably supply enough water to the town for the next 10 to 20 years depending on the rate of development and conservation efforts. As part of the Town's overall strategy to use our resources sustainably, water metering is being implemented in 2016/2017. The water metering project will be implemented over a two year period with $375,000 being allocated in 2016 and 2017. Water metering will help us continue to reach our goal of being the best community possible.

Based on the above information and additional data entered into the water model it was determined that the Town was not charging enough in water rates to cover the capital and operational expenses. As a result, the Town will be increasing our SFD water rate from $61.25 to $68.25 per quarter as of July 2016.

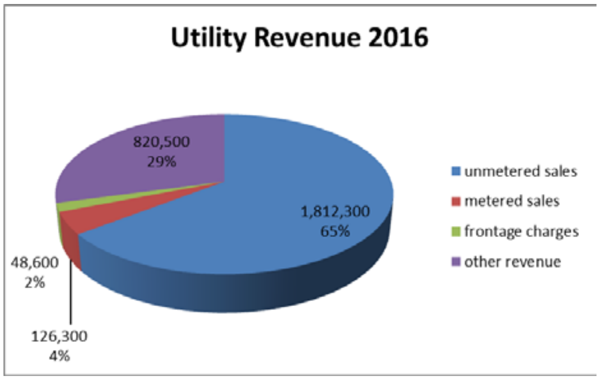
Waste Water Treatment Facility

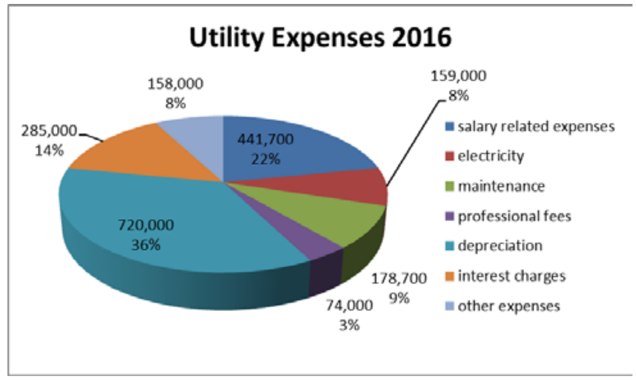
For a number of years the Town's staff and council have been focused on the future of the waste water treatment plant and looking into options for its needed upgrade. We have heard from residents that they want a solution for the waste water treatment plant and we are working on this for our residents.

As you are likely aware, the Town has recently installed a new system to extend the life of the lagoons. The Blue Frog System was installed in 2014; although, it has not consistently met the effluent criteria issued by provincial and federal regulators since its installation. The system has shown signs of enhanced treatment and sludge digestion. As part of that investment a $500,000 upfront screening facility was installed. This system is working very well by removing up to 99% of inorganic waste from the system. So far we are removing 150 to 200 pounds of inorganic material (i.e., non-flushable wipes, plastics and other non-flushables) from the lagoons. We hope with continued public awareness we can reduce the amount currently being added to the system. We are continuing to work with the system to have it perform as was described at the time of installation however; we are also focusing on the long-term solution for the Town's wastewater treatment requirements. We are currently negotiating with the City of Charlottetown to see if they would be interested in taking our waste water at their plant in Charlottetown. Staff has met and has made significant progress in developing an agreement that will be reviewed by both councils regarding the feasibility of this option. In addition, we have also reviewed options for the existing property that would eliminate the open lagoon system, and replace it with a much smaller yet more efficient mechanical plant. The new plant would be built to blend in with the surrounding area and would be fully enclosed. Preliminary estimates for both options are similar in cost. The Town of Stratford and the City of Charlottetown are currently updating the cost estimates for both options however; preliminary estimates have indicated that the cost for either option would be in the range of 12 to 15 million dollars. Based on these estimates council have requested that staff include this cost in the current rate model review. When staff completed the review, the model has indicated that sewer rates will be required to increase in order to be prepared to contribute to the required funding to complete either project.

Based on the above customers will see their quarterly single family dwelling rate(SFD) go from $76.25 up to $82.25 in July of this year. Further rate increases will be calculated once we have the final numbers on the best option.

We are budgeting for revenue of $2,807,000, most of which comes from unmetered customers and government transfers for capital purchases. Expenses are budgeted at $2,016,500 resulting in a $791,300 surplus, however once the government grants are removed and our debt payments are made we actually end up with a cash flow surplus of $150,900. We will be putting money aside for the upgrade of the wastewater treatment plant upgrade as a result of the rate increase.





Some of the targeted investments included in the Utility budget include:

- Replacement of the Aptos Sewer Pump Station. This will allow the sewer system to run more efficiently in the area ($160,000);
- Water servicing to the Rankin Subdivision area ($1,000,000 contingent on funding from the New Build Canada fund);
- Water Metering ($375,000 in both 2016 and 2017)
- Replacement/Upgrade of the Waste Water Treatment Plant (TBD)

In summary, we will be looking closely at our long term Utility needs in 2016 with a view to developing a long term financial plan. We will also be continuing to analyze expenses through the rate model to ensure that rates are equitable among our customers, sufficient to meet our long term needs, stable, fair, and predictable for our customers. Detailed revenue and expense tables for the Utility are included in this document.

Members of Council, ladies and gentlemen, that concludes my budget presentation. Thank you for your attention.

Town of Stratford Revenue and Expense Tables

Town Revenue

Operating	Actual 2014	Budget 2015	Budget 2016
Property Tax	$3,238,441	$3,361,200	$3,467,400
CUSA Grant	$905,748	$905,700	$914,900
Salary Recovery	$9,000	$10,000	$10,000
Rent Income	$240,089	$231,300	$240,300
Police Fines	$63,546	$70,000	$58,000
Fees and Permits	$57,960	$57,400	$45,000
Interest Income	$2,598	$2,100	$1,500
Recreation	$64,006	$70,500	$79,300
Other	$25,173	$0	$0
Total Revenue before Government Grants	**$4,606,562**	**$4,708,200**	**$4,816,400**
Government Grants	$1,070,368	$917,000	$1,992,000
Total Revenue	**$5,676,930**	**$5,625,200**	**$6,808,400**

Town Expenses

Operating	Actual 2014	Budget 2015	Budget 2016
General Government Expenses	$2,037,026	$2,163,100	$2,214,000
Finance Expenses	$533,344	$559,900	$529,300
Recreation Expenses	$609,641	$648,500	$636,200
Infrastructure Expenses	$650,842	$656,900	$681,800
Planning Expenses	$306,494	$300,400	$316,500
Depreciation	$576,503	$511,000	$511,000
Total Expenses	**$4,713,850**	**$4,839,800**	**$4,888,800**

Surplus

Total Surplus including Government Grants	**$963,080**	**$785,400**	**$1,919,600**
Less: Government Grants	($1,070,368)	($917,000)	($1,992,000)
Add: Depreciation	$576,503	$511,000	$511,000
Less: Principal payment	($350,421)	($355,100)	($406,000)
Total Cash Flow Surplus	**$118,794**	**$24,300**	**$32,600**

General Government Expenses

Operating	Actual 2014	Budget 2015	Budget 2016
Salaries and Benefits	$192,144	$197,000	$196,000
Staff Development and Support	$20,856	$28,500	$20,500
Professional Fees	$34,790	$35,000	$33,000
Council and Committee Expenses	$140,321	$150,900	$156,600
Police Protection	$713,963	$760,800	$794,300
Fire Protection	$283,180	$288,700	$290,100
Street Lighting	$186,379	$186,400	$215,000
Animal Control	$28,800	$29,500	$30,300
Transit	$188,566	$185,600	$192,000
Sustainable Economic Development	$48,394	$85,000	$77,000
Promotions and Donations	$40,412	$39,500	$32,000
Engagement	$43,401	$50,000	$50,000
Library	$77,316	$83,000	$85,000
Municipal Dues and GIS	$23,566	$23,500	$22,500
Watershed	$14,938	$19,700	$19,700
Total General Govt Expenses	**$2,037,026**	**$2,163,100**	**$2,214,000**

Finance and Technology Expenses

Operating	Actual 2014	Budget 2015	Budget 2016
Salaries and Benefits	$133,115	$141,200	$141,100
Staff Development and Travel	$12,705	$13,000	$14,000
Professional Fees	$12,756	$14,000	$10,000
Workers Compensation	$15,083	$13,500	$12,500
Insurance	$52,482	$60,000	$46,400
Computer/Internet	$41,629	$49,400	$40,000
Telephone/Fax	$35,726	$37,500	$41,000
Administrative Expenses	$44,519	$47,300	$50,100
Bank Charges	$13,745	$11,200	$12,500
Capital - Interest Payments	$132,443	$129,000	$120,000
Stratfords of the World	$0	$1,000	$1,000
Property Tax	$27,355	$28,200	$27,500
Property Tax rebate	$11,785	$14,600	$13,200
Total Finance Expenses	**$533,344**	**$559,900**	**$529,300**

Recreation, Culture and Events Expenses

Operating	Actual 2014	Budget 2015	Budget 2016
Salaries and Benefits	$378,852	$427,100	$424,900
Staff Development and Travel	$4,131	$10,000	$10,000
Professional Fees	$4,942	$6,000	$6,000
Events	$23,506	$22,000	$22,400
Programs	$29,110	$30,000	$30,000
Farmers Market	$869	$5,000	$2,500
Arts & Culture	$56,304	$27,000	$27,000
Rink Operations	$832	$1,000	$1,000
Maintenance	$41,433	$42,500	$42,500
Promotion	$763	$4,000	$1,000
Grants and Agreements	$68,900	$73,900	$68,900
Total Recreation Expenses	**$609,641**	**$648,500**	**$636,200**

Infrastructure Expenses

Operating	Actual 2014	Budget 2015	Budget 2016
Salaries and Benefits	$231,138	$235,200	$249,200
Staff Development and Travel	$2,653	$4,000	$3,000
Professional Fees	$8,394	$8,000	$4,000
Electricity	$83,285	$89,000	$91,500
Water & Sewer	$14,274	$15,000	$15,000
Heating Fuel	$21,680	$18,000	$18,000
Building/Grounds Maintenance	$204,375	$208,100	$216,300
Sidewalk Maintenance	$42,580	$38,800	$44,000
Vehicles and Equipment	$42,463	$40,800	$40,800
Total Infrastructure Expen	**$650,842**	**$656,900**	**$681,800**

Planning, Development and Heritage Expenses

Operating	Actual 2014	Budget 2015	Budget 2016
Salaries and Benefits	$271,964	$252,400	$272,000
Staff Development and travel	$14,079	$16,000	$14,400
Professional Fees	$16,201	$17,500	$22,200
Administrative Expenses	$781	$2,000	$1,400
Heritage	$3,469	$12,500	$6,500
Total Planning Expenses	**$306,494**	**$300,400**	**$316,500**

Town Capital Budget

Capital	Budget 2015	Budget 2016	
Park Development	$50,000	$70,000	
Recreation Centre Equipment	$13,000	$8,000	
Recreation Capital Projects	$34,000	$8,000	
Sidewalk/Bike Path Construction	$400,000	$860,000	* * *
Trail Construction	$200,000	$104,000	
Canada 150 Projects	$0	$85,500	
Signage/Branding program	$15,000	$0	
Equipment Replacements/Additions	$24,000	$77,500	
Town Centre Capital Repairs/Additions	$38,000	$80,000	
Cotton Park Building Repairs/Additions	$26,000	$20,000	
Other Building/Grounds Repairs/Additions	$10,000	$0	
Public Art	$12,000	$12,000	
Computer Hardware	$22,000	$139,000	
Skateboard Park	$150,000	$350,000	* * *
Entry and Waterfront Landscaping	$135,000	$250,000	* * *
Diversity and Inclusion Fountain	$5,500		
Transit	$0	$89,900	
Splash Park		$100,000	
Traffic Calming/Signage	$25,000		
Wellfield Park	$225,000	$275,000	
Paving	$15,000		
Town Centre Generator	$260,000		
Total Capital Expenses	**$1,659,500**	**$2,528,900**	
* * * projects not completed in 2015 and re-budgeted in 2016.			

Capital Funding	Budget 2015	Budget 2016
New Deal Funding	$1,145,000	$1,558,900
Trans Canada Trail	$100,000	$0
Canada 150 Fund		$42,700
Skatepark Fundraiser		$200,000
TIE sidewalk/bikelane Partnership		$270,000
Provincial Inftrastructure Fund	$150,000	$150,000
NDCC-Muncipal Strategic Component		$62,500
Parkland Reserve	$25,000	$0
Total Capital Funding	**$1,420,000**	**$2,284,100**
Net Capital Expenditure	**$239,500**	**$244,800**

Stratford Utility Corporation Revenue and Expense Tables

Revenue and Expense Summary

Operating	Actual 2014	Budget 2015	Budget 2016	
Unmetered Sales	$1,649,743	$1,668,400	$1,812,300	
Metered Sales	$114,903	$116,900	$126,300	
Frontage Charges	$48,374	$49,600	$48,600	
Penalty Charges/Late Fees	$16,696	$20,000	$11,000	
Connection Fees	$2,860	$2,500	$2,500	
Interest Income	$3,283	$100	$1,500	
Other Income	$105	$100	$100	
Donated Capital	$381,261			
Total Revenue before Government Grants	**$2,217,226**	**$1,857,600**	**$2,002,300**	
Government Grants	$1,165,343	$805,400	$805,400	* * *
Total Revenue	**$3,382,569**	**$2,663,000**	**$2,807,700**	
* * * projects not completed in 2015 and re-budgeted in 2016.				

Total Expenses	$1,947,040	$2,018,500	$2,016,400

Total Surplus including Government Grants	$1,435,528	$644,500	$791,300
Less: Government Grants	($1,165,343)	($805,400)	($805,400)
Less: Donated Capital	($381,261)		
Add: Depreciation	$752,726	$720,000	$720,000
Less: Principal payment	($497,796)	($555,000)	($555,000)
Total Cash Flow Surplus	**$143,854**	**$4,100**	**$150,900**

Detailed Utility Expenses

Operating	Actual 2014	Budget 2015	Budget 2016
Salaries	$381,674	$420,900	$433,700
Property Taxes	$6,447	$6,500	$6,500
Interest & Service Charges	$14,383	$20,000	$20,000
Interest on Long Term Debt	$263,178	$270,000	$265,000
Workers Compensation	$8,950	$9,000	$8,000
Honorariums	$1,000	$1,000	$1,000
Electricity	$180,156	$155,000	$159,000
Telephone	$19,725	$18,500	$18,500
Snow Removal	$5,695	$6,500	$7,700
Repairs & Maintenance	$131,731	$135,000	$140,000
Office Expenses	$9,712	$11,800	$12,400
Software Maintenance	$13,075	$19,300	$19,300
Postage	$11,431	$14,000	$14,800
Summer Maintenance - Grass	$2,054	$3,500	$5,000
Professional Fees	$17,191	$14,000	$14,000
Consulting	$32,672	$80,000	$60,000
Rentals - Office	$22,700	$22,700	$22,700
Rentals - maintenance bldg., tractor	$14,600	$14,600	$14,600
Meetings & Travel	$9,585	$10,000	$10,000
Dues & Fees	$1,081	$2,200	$2,200
Insurance	$12,800	$15,000	$13,000
Tools & Equipment	$2,233	$8,000	$8,000
Vehicle	$18,720	$18,000	$18,000
Tree Planting/Water Conservation	$13,506	$18,000	$18,000
Miscellaneous	$16	$0	$0
Contingency		$5,000	$5,000
Depreciation	$752,726	$720,000	$720,000
Total Expenses	**$1,947,040**	**$2,018,500**	**$2,016,400**

Utility Capital Budget

Capital	Budget 2015	Budget 2016	
Misc Capital Items	$10,000	$100,000	
Replacement Aptos Pumping Station	$160,000	$160,000	* * *
Water and Sewer Extensions	$1,650,000	$1,000,000	* * *
Treatment Plant Upgrade	$50,000		
Small Equipment Purchases	$31,000		
SCADA System upgrades.	$35,000		
Metering		$375,000	
New Utility Truck		$60,000	
Total Capital Expenses	**$1,936,000**	**$1,695,000**	
Capital Funding	**Budget 2015**	**Budget 2016**	
Build Canada Funding	$666,700	$666,700	* * *
NDCC- Muncipal Strategic Component		$80,000	* * *
New Deal Funding	$327,000		
Total Capital Funding	**$993,700**	**$746,700**	
Net Capital Expenditure	**$942,300**	**$948,300**	
* * * projects not completed in 2015 and re-budgeted in 2016.			